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SUBJECT: LESOTHO APRIL 2008 ECONOMIC ROUND-UP: FOOD, SHELTER, AND
HIV

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¶1. In this addition:

- Prime Minister Inaugurates New Housing Project
- Malawi Donates Food to Lesotho
- EU Plans E136 of Support for Lesotho Over Next Six Years
- Government Launches HIV/AIDS Guide for SMEs

Prime Minister Inaugurates New Housing Project

¶2. On April 16, Lesotho's Ministry of Local Government, in partnership with Lesotho Housing and Land Development Corporation, launched a new low and middle income housing project eight kilometers outside of Maseru. In his address, Prime Minister Pakalitha Mosisili indicated that middle and low income groups in Lesotho face major housing problems as 72% of urban residents live in unplanned communities on the outskirts of towns. Mosisili stressed that it is the responsibility of government to provide people with decent housing, and that the Government of Lesotho has spent M40,000,000 (approximately \$6 million) on housing initiatives. Lesotho's government will work with Shelter Afrique Bank, based in Nairobi, to finance construction of the new homes. Residents must rely on local banks for mortgages to purchase the new homes.

¶3. While the local media largely embraced the housing project, some analysts questioned the extent to which local banks are willing to extend credit to low and middle income wage earners. As Lesotho's banks usually would require very high collateral pledges from this group for loans, it is unknown how many members of the target group will be able to purchase new residences.

Malawi Donates Food to Lesotho

¶3. Following the Prime Minister's July 2007 declaration of a food insecurity crisis in Lesotho, the Malawian Government donated 5,000 metric tons of maize (corn) to Lesotho. The maize, delivered in April, was milled and distributed to about 70,000 people by the World Food Program (WFP). In a ceremony marking the donation, Malawian Minister for Agriculture and Food Security Mr. Fran Mwenifumbo said that every citizen has the right to food and social protection. He also stated that there is a need for African countries to assist each other in difficult times instead of seeking help from outside the continent.

¶4. The donation was received on behalf of GOL by Minister to the Prime Minister's Office Dr. Motloheloa Phooko. Minister Phooko expressed his gratitude to the Malawian government,

stating that the gesture symbolizes the cordial bilateral relations between the two countries. He also confirmed that the current harvest is favorable and that the food security situation has improved greatly from last season.

EU Plans E136 of Support for
Lesotho Over Next Six Years

¶5. On April 23, the European Union Commission launched the 10th European Development Fund National Indicative Plan (EDF NIP) for Lesotho. The fund was initiated on December 7, 2007, in Portugal. The EDF allocated to Lesotho financial support of E136 million (approximately \$210 million) to be disbursed over the next of six years. The NIP's focus areas are: 1) human development, health, and education (E27.2 million); 2) water and sanitation (E32.0 million); 3) transport (E6.80 million); 4) general budget support (E53.8 million); 5) decentralization (E8 million); 6) good governance (E3 million); 6) technical cooperation capacity building (E2 million); 7) trade development (E1.2 million); and 8) development of NGO capacity (E2 million).

Government Launches HIV/AIDS Guide for SMEs

¶6. The Ministry of Trade and Industry, supported by Britain's Department for International Development (DFID), launched an HIV/AIDS guide for small and medium-sized enterprises (SMEs) this April. The guide is intended to help SMEs respond to the HIV/AIDS pandemic at the work place. In his opening remarks, Lesotho's Principal Secretary of Trade (and Ambassador-designate to Washington) Mr. Rantenkoa mentioned that SMEs are an integral part of private sector but have been overlooked by mainstream HIV/AIDS workplace initiatives. As result, they are highly vulnerable to the impact of HIV/AIDS within their small

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workforce. Rantenkoa stressed that this HIV/AIDS guide is an important milestone in assisting these businesses to effectively manage the pandemic in their work places.

¶7. In his remarks at the launching ceremony, Minister of Trade and Industry Popane Lebesa's called HIV/AIDS a suppressor of economic growth. He noted that the disease cost approximately 1% of GDP and comprised 10% of health budget. He said that since the labor code was amended in May 2006 to include HIV/AIDS policies in the workplace, there have been concrete improvements in HIV/AIDS workplace practices in the government and large-scale industry. However, the response has been the slowest among SMEs. He noted his hope that this new initiative could help correct this problem.

NOLAN